



General Assembly

Raised Bill No. 5677

February Session, 2006

LCO No. **2452**

* HB05677GL 031006 *

Referred to Committee on General Law

Introduced by:
(GL)

AN ACT CONCERNING SURETY BONDS AND CONSTRUCTION CONTRACTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (b) of section 49-41a of the 2006 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2006*):

4 (b) If payment is not made by the general contractor or any of its
5 subcontractors in accordance with such requirements, the
6 subcontractor shall set forth his claim against the general contractor
7 and the subcontractor of a subcontractor shall set forth its claim
8 against the subcontractor through notice by registered or certified
9 mail. Ten days after the receipt of that notice, the general contractor
10 shall be liable to its subcontractor, and the subcontractor shall be liable
11 to its subcontractor, for interest on the amount due and owing at the
12 rate of one per cent per month. In addition, [if a surety bond is not in
13 place,] the general contractor, upon written demand of its
14 subcontractor, or the subcontractor, upon written demand of its
15 subcontractor, shall be required to place funds in the amount of the

16 claim, plus interest of one per cent, in an interest-bearing escrow
17 account in a bank in this state, provided the general contractor or
18 subcontractor may refuse to place the funds in escrow on the grounds
19 that the subcontractor has not substantially performed the work
20 according to the terms of his or its employment. In the event that such
21 general contractor or subcontractor refuses to place such funds in
22 escrow, and the party making a claim against it under this section is
23 found to have substantially performed its work in accordance with the
24 terms of its employment in any arbitration or litigation to determine
25 the validity of such claim, then such general contractor or
26 subcontractor shall pay the attorney's fees of such party.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>October 1, 2006</i>	49-41a(b)
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GL *Joint Favorable*